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**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA**

**ANNUAL FINANCIAL REPORTS
Years Ended June 30, 2007 and 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/30/08

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Grand Isle Port Commission
Grand Isle, Louisiana

I have audited the accompanying financial statements of the business-type activities of the Grand Isle Port Commission (the "Port"), as of and for the years ended June 30, 2007 and 2006, which comprise the Port's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Port's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Grand Isle Port Commission as of June 30, 2007 and 2006 and the changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 16, 2007, on my consideration of the Port's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts and grants. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the GASB. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

The supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Paul C. River, CPA

December 16, 2007

GRAND ISLE PORT COMMISSION
PO BOX 500
GRAND ISLE, LA 70358

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Grand Isle Port Commission (the "Port"), we offer readers of the Port's financial statements this narrative overview and analysis of the financial activities of the Grand Isle Port Commission for the fiscal year ended June 30, 2007.

We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 12. All amounts, unless otherwise noted, are expressed in thousands (\$1,000's) of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the Port exceeded its liabilities at the close of the most recent fiscal year by \$604 (*net assets*). Of this amount, \$521 or 86.3 percent is invested in capital assets, such as equipment, vehicles, and infrastructure and \$3 or 0.5 percent is reserved for debt service. The remaining balance of \$80 (*unrestricted net assets*) or 13.2 percent may be used to meet the government's ongoing obligations to citizens and creditors.
- The Port's total net assets increased by \$35 or 6.2 percent during the current year because total revenues exceeded total expenses by that amount. The major reason for this increase is the increase of \$21 seen in property taxes as the hurricane damage reassessments are relaxed.
- The Port's total outstanding debt decreased by \$25 or 100.0 percent as the Port made the final payment on its outstanding Certificates of Indebtedness. Thus, the Port is now debt-free.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Port's basic financial statements.

Under GASB Statement No. 34, "government-wide" financial statements are to distinguish between functions of the Port that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Because the Port only engages in "business-type" activities, government-wide financials are not presented. Only the fund financial statements of the Enterprise Fund are presented as the Port's basic financial statements.

The Port's basic financial statements are comprised of two components: 1) Enterprise Fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include only the financial activities of the Grand Isle Port Commission, which is a component unit of the State of Louisiana. The State of Louisiana (the primary government) issues financial statements that include the activity contained in these financial statements. The State's financial statements are issued by the Louisiana Division of Administration – Office of Statewide Reporting and Accounting Policy and are audited by the Louisiana Legislative Auditor.

The basic financial statements can be found on pages 12 to 14 of this report.

Fund financial statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Port, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As noted above, the Port only engages in "business-type" activities and therefore only presents one type of fund – "Proprietary Funds". These fund financial statements are presented as the basic financial statements of the Port.

Proprietary funds. The Port maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities*. The Enterprise Fund financial statements present information on the Port's general operations.

As noted above, the basic proprietary fund financial statements can be found on pages 12 to 14 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 15 to 23 of this report.

Other information. The Supplemental information several schedules required by the State, such as Per Diems Paid to Commissioners and a schedule of State Funding. This information can be found on 26 and 27.

FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Port, assets exceeded liabilities by \$604 at June 30, 2007.

A large portion of the Port's net assets (86.3 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, machinery, vehicles and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Port used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Port's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

GRAND ISLE PORT COMMISSION PROPRIETARY FUNDS - ENTERPRISE FUND

	Business-Type Activities			
	2007		2006	
Current and other assets	\$ 219		\$ 183	
Restricted assets	3		9	
Capital assets	521		544	
Total assets	<u>743</u>		<u>736</u>	
Long-term liabilities outstanding	0		25	
Other liabilities	139		142	
Total liabilities	<u>139</u>		<u>167</u>	
Net assets:				
Invested in capital assets, net of related debt	521	86.3%	519	91.2%
Restricted	3	0.5%	9	1.6%
Unrestricted	80	13.2%	41	7.2%
Total net assets	<u>\$ 604</u>		<u>\$ 569</u>	

The balance of *unrestricted net assets* (\$80 or 13.2 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At June 30, 2007, the Port is able to report positive fund balances in all three categories of net assets.

The Port's net assets increased by \$35 during the current fiscal year.

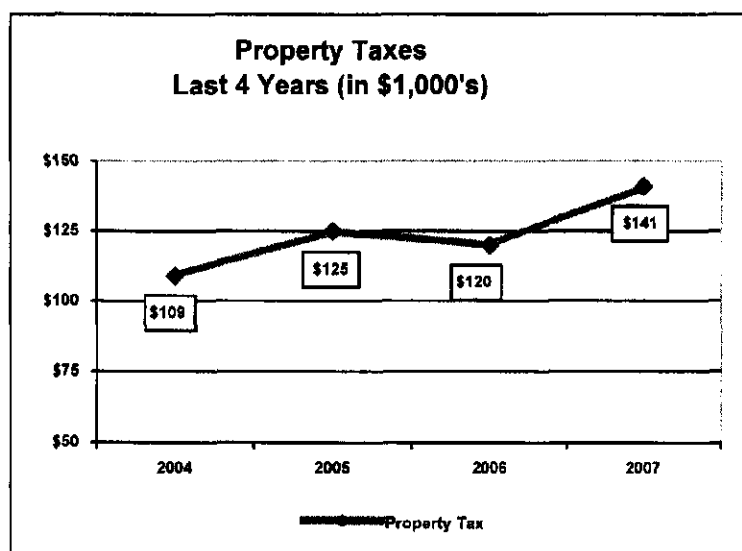
Business-type Activities. Business-type activities increased the Port's net assets by \$35.

**GRAND ISLE PORT COMMISSION
REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUND**

	Business-type Activities	
	2007	2006
Revenues:		
Program revenues:		
Charges for services	\$ 3	\$ 3
Operating grants and contributions	-	16
Capital grants and contributions	-	-
General revenues:		
Property taxes	141	120
Interest	2	3
Other	1	-
Total revenues	<u>147</u>	<u>142</u>
Expenses:		
Public works		
Operating expenses	111	124
Interest on long-term debt	1	3
Loss on disposal of damaged assets	-	4
Total expenses	<u>112</u>	<u>131</u>
Increase in net assets	35	11
Net assets - Beginning of year	569	558
Net assets - end of year	<u>\$ 604</u>	<u>\$ 569</u>

Key elements of this increase are as follows:

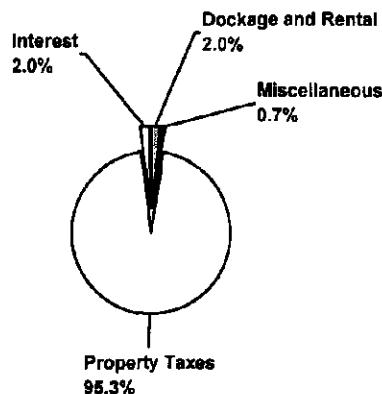
- \$3 was recognized as rental income. This amount relates to the land lease with the State Department of Wildlife and Fisheries. The lease is for 50 years. The upfront rental payment of \$150,000 is being deferred and amortized (i.e., recognized) over the term of the lease. Thus, deferred revenues equal \$139 at year end.
- Operating grants in the prior year included \$16 in reimbursements from FEMA for damages and emergency measures taken during Hurricane Katrina. This did not recur in 2007.
- Ad valorem (property) taxes of \$141 were recognized in 2007 (see graph). This is an increase of \$21 or 17.5 percent from the prior year. The majority of this increase had to do with damage assessments that were done after Hurricanes Katrina and Rita being relaxed.



- Operating expenses decreased from \$124 to \$111 (a 10.5 percent decrease). This net decrease of (\$13) came from a) a \$1 increase in dues and subscriptions, b) a \$1 increase in election expense (due to election held to renew millage), c) a \$1 increase in harbor police costs (new unit to patrol harbor), d) a decrease of (\$10) in hurricane-related expenses, e) a (\$3) decrease in legal and professional fees (engineering fees), f) an increase of \$4 in office supplies, g) an increase of \$3 in Highway 1 site repairs, and h) a decrease of (\$11) in travel related costs.
- Interest income was relatively stable at \$3 due to a continuing rising of rates seen over the past year.
- Interest expense of \$1 was recognized on the Certificates of Indebtedness, which are discussed below.

A breakdown of the revenues received by the Port's business-type activities is as follows:

Revenues by Source - Business Activities



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Port's investment in capital assets for its business-type activities as of June 30, 2007 amounts to \$543 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and fixtures, machinery, vehicles and equipment, and infrastructure. The Port's investment in capital assets increased by \$15, or 3.0 percent, this year, as additions were partially offset by a payment of \$30 on related debt.

**GRAND ISLE PORT COMMISSION
BREAKDOWN OF FIXED ASSETS
(NET OF DEPRECIATION - IN \$1,000'S)**

	Business-type Activities	
	2007	2006
Land	\$ 213	\$ 213
Buildings	36	38
Vehicles and equipment	30	37
Construction in progress	242	255
Total	<u>\$ 521</u>	<u>\$ 543</u>

Major capital asset events during the current fiscal year included the following:

- \$8 was spent on a new boat/motor
- \$31 was recognized as depreciation expense.

Additional information on the Port's capital assets can be found in Note C.3 on page 20.

Long-term Debt. The Port issued Certificates of Indebtedness in 1999 to provide funds for the purchase of the site of the planned Port. At June 30, 2007 and 2006, the amount of outstanding debt was \$-0- and \$25, respectively. During 2007, the Port made the final principal payment of \$25 and interest payments totaling \$1.

Additional information on the Port's long-term debt can be found in Note C.4 on page 21.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the Parish of Jefferson is currently 4.3 percent, which is 1.1 percent lower than it was a year ago. In the coastal community of Grand Isle, which is heavily dependent on offshore oil and commercial fisheries (primarily shrimping), the rate tends to be much higher.
- Inflationary trends in the region compare favorably to national indices.
- The ad valorem millage rate levied for the 2007 (next year's) tax roll was 5.00 mills.

OTHER POTENTIALLY SIGNIFICANT MATTERS

- Hurricanes Katrina and Rita ravaged the Town of Grand Isle, parts of Jefferson Parish, and the surrounding New Orleans metropolitan area. Most of the Port's assets were spared, though about 30 percent of the businesses and residences in the Town were destroyed or badly damaged. The Port filed claims with the Federal Emergency Management Agency (FEMA) totaling \$16 for any damage sustained and reimbursable emergency procedures. This amount was received and recognized as revenue in 2006. The Port continues to work in the recovery of the Town and the surrounding area.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Andy Galliano, President, President, PO Box 500, Grand Isle, Louisiana 70358.

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BASIC FINANCIAL STATEMENTS

GRAND ISLE PORT COMMISSION

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUND
JUNE 30, 2007 AND 2006**

	BUSINESS-TYPE ACTIVITIES	
	JUNE 30, 2007	JUNE 30, 2006
ASSETS		
Current Assets		
Cash	\$ 199,100	\$ 144,043
Certificates of deposit and savings	19,951	39,507
Accounts receivable	-	-
Restricted Assets		
Cash	3,522	9,183
Total Current Assets	<u>222,573</u>	<u>192,733</u>
Property and equipment, net	520,541	543,716
TOTAL ASSETS	<u>743,114</u>	<u>736,449</u>
LIABILITIES		
Current Liabilities		
Accounts payable	-	-
Payroll taxes payable	-	-
Deferred revenue	139,250	142,250
Total Current Liabilities	<u>139,250</u>	<u>142,250</u>
Long-term Liabilities		
Certificates of Indebtedness payable	-	25,000
TOTAL LIABILITIES	<u>139,250</u>	<u>167,250</u>
NET ASSETS		
Invested in capital assets, net of related debt	520,541	518,716
Reserved for debt service - sinking fund	3,522	9,183
Unrestricted	79,801	41,300
TOTAL NET ASSETS	<u>\$ 603,864</u>	<u>\$ 569,199</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE PORT COMMISSION

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2007 and 2006**

	BUSINESS-TYPE ACTIVITIES	
	JUNE 30, 2007	JUNE 30, 2006
OPERATING REVENUES		
Dockage fees or rentals	\$ 3,000	\$ 3,000
Miscellaneous income	903	382
Total Operating Revenue	3,903	3,382
OPERATING EXPENSES		
Advertising	2,135	2,408
Auditing	2,200	2,200
Bank charges	-	54
Contract labor		
Temporary staffing	24,400	23,856
Dues & subscriptions	1,450	300
Economic development	-	-
Election expense	1,017	-
Harbor police	1,170	-
Hurricane expenses	-	9,654
Insurance	5,603	5,587
Legal and professional fees	-	2,651
Office supplies	4,132	-
Repairs & maintenance - auto/boat	2,007	-
Repairs & maintenance - land/buildings	2,872	4,858
Hwy 1 Site expense	2,879	-
Salaries	19,040	18,162
Taxes - Payroll	1,456	1,377
Telephone	2,705	2,609
Travel	4,519	16,350
Utilities	3,077	2,742
Depreciation	30,756	31,366
Total Operating Expenses	111,418	124,174
Operating Income (Loss)	(107,515)	(120,792)
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes	140,707	119,870
Federal grant - FEMA - Katrina	-	16,123
Interest earned on bank accounts and investments	2,338	2,823
Interest expense on Certificates of Indebtedness	(865)	(2,365)
Loss on disposal of damaged assets	-	(4,320)
Total Non-Operating Revenue (Expense)	142,180	132,131
INCOME (LOSS) BEFORE CONTRIBUTIONS	34,665	11,339
CAPITAL CONTRIBUTIONS	-	-
CHANGE IN NET ASSETS	34,665	11,339
NET ASSETS		
Beginning of Year	569,199	557,860
End of Year	\$ 603,864	\$ 569,199

The accompanying notes are an integral part of this statement.

GRAND ISLE PORT COMMISSION

**STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2007 and 2006**

	BUSINESS-TYPE ACTIVITIES	
	JUNE 30, 2007	JUNE 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Dock Fees and rentals	\$ -	\$ -
Payments to vendors	(35,766)	(49,413)
Payments to employees	(20,496)	(19,539)
Payments to temporary employees	(24,400)	(23,856)
Miscellaneous receipts	903	382
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(79,759)	(92,426)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	140,707	119,870
Interest on ad valorem taxes	-	-
Receipts from FEMA grant	-	16,123
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	140,707	135,993
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of vehicles and equipment	(7,581)	(24,236)
Improvements to land	-	-
Receipts from State on Water & Gas Installation project	-	-
Improvements to building	-	(6,625)
Payments on construction in progress	-	-
Receipts from State on Access Road project	-	-
Payments of principal on Certificates of Indebtedness	(25,000)	(20,000)
Interest paid on Certificates of Indebtedness	(865)	(2,365)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(33,446)	(53,226)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	-	-
Maturity of certificates of deposit	19,556	50,745
Interest received	2,338	2,823
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	21,894	53,568
NET INCREASE (DECREASE) IN CASH	49,396	43,909
CASH AT BEGINNING OF YEAR	153,226	109,317
CASH AT END OF YEAR	\$ 202,622	\$ 153,226
RECONCILIATION TO BALANCE SHEET		
Unrestricted Cash	\$ 199,100	\$ 144,043
Restricted Cash	3,522	9,183
Total Cash Reported on Balance Sheet	\$ 202,622	\$ 153,226
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (107,515)	\$ (120,792)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Changes in assets and liabilities:		
Increase (decrease) in deferred revenue	(3,000)	(3,000)
Depreciation	30,756	31,366
Net Adjustments	27,756	28,366
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (79,759)	\$ (92,426)

The accompanying notes are an integral part of this statement.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand Isle Port Commission (the "Port") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Port's accounting policies are described below.

1. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as legally separate organizations for which the elected officials of a primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Port was created by Louisiana Revised Statute (LSA-RS 34:251). It includes all land in the within the Town of Grand Isle's boundaries and all of Ward 11 of Jefferson Parish. The governing board of commissioners administers the operations and responsibilities in accordance with the provisions of Louisiana statutes. The five members of the Board are appointed by the Governor of the State of Louisiana from a list of nominations submitted by the Town of Grand Isle Mayor and Board of Aldermen. The Port has all the powers and privileges granted under the constitution and statutes of the State of Louisiana which include, but are not limited to, the authority to incur debt, to issue bonds, to construct and maintain wharves and landings, and to charge fees for the use of the wharves and other facilities administered by it. Those charges are based on tariffs approved by the U.S. Maritime Commission.

Based on the criteria described above, it has been determined that the Grand Isle Port Commission is not a component unit of the State of Louisiana for financial reporting purposes, rather it is a "stand-alone" government. Likewise, the Division of Administration for the State of Louisiana treats the Port as a primary government. The accompanying statements present only transactions of the Port.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2007 and 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Description of Activities

The Port operates an administrative office within the city limits of the Town of Grand Isle and is in the process of constructing a port on the rear of the isle. Property for the port has been obtained and improvements are currently underway to allow the land to be put to use. Services provided by the Port include general administrative activities, primarily economic development and public works.

3. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Port. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Since the Port engages only in *business-type activities*, only the financial statements of the Port's proprietary funds is presented.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The Port uses *Enterprise Funds* to account for its operations. The principal operating revenues will be charges to customers for dock fees and rentals. Operating expenses of the enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The proprietary fund type is accounted for on the *economic resources management focus* and the *accrual basis of accounting*. With this measurement focus, all assets and liabilities associated with the operation of this fund type are included on the balance sheet. Proprietary fund type operating statements represent increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2007 and 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, it is the policy of the Port's proprietary fund to apply all applicable GASB pronouncements, as well as all Financial Accounting Standards Board (FASB) statements, interpretations, accounting principles board opinions and accounting research bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The Port may also report deferred revenue on its statement of net assets. Deferred revenues arise when a potential revenue does not meet both the "measurable and available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability of deferred revenue is removed from the statement of net assets and revenue is recognized.

5. Assets, Liabilities, and Net Assets or Equity

A. Cash and Investments

For reporting purposes, cash includes amounts in demand deposits and time deposits. Certificates of deposit are shown separately. Louisiana Revised Statutes allow the Port to invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Investments, if any, are stated at cost or amortized cost. State statutes authorize the Port to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

For purposes of the statement of cash flows, the Port considers investments with a maturity date of less than 90 days to be a cash equivalent. Investments with less than 90 days to maturity at the balance sheet date are also considered cash equivalents.

B. Inventories

The cost of materials and supplies acquired by the Port are recorded as expenses at the time of purchase. It is management's opinion that the inventory of such materials and supplies at June 30, 2007 and 2006 are not material to the financial statements.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2007 and 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Restricted Assets

Special accounts set up in accordance with the Certificates of Indebtedness bond indenture are classified as restricted assets on the balance sheet. These accounts include a "debt service - sinking fund".

E. Capital Assets

Capital assets are capitalized in the funds used to acquire or construct them. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of buildings, equipment and vehicles is computed using the straight-line method. Depreciation expense applicable to those fixed assets acquired through capital donations is closed out to the related contributed capital accounts rather than retained earnings. It is considered preferable under the matching concept, as receipts of these fixed assets have been recorded as additions to contributed capital.

The useful lives used for computing depreciation are as follows:

Asset Type	Life in Years
Buildings and improvements	20 - 50
Furniture & Equipment	5 - 10
Vehicles & Equipment	5 - 10
Boats & Equipment	5 - 10

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

While not specifically required by state statutes, the Port does adopt a budget for its Enterprise Fund for managerial purposes. Since the budget is adopted on a "cash" basis of accounting and is used for management purposes only, it is not presented.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2007 and 2006

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

1. Deposits with Financial Institutions and Investments

Deposits with Financial Institutions

At June 30, 2007, deposits with financial institutions consisted of the following:

	Cash	Certificates of Deposit	Other	Total
Book Value of Deposits in Banks	<u>\$ 202,622</u>	<u>\$ 19,951</u>	<u>\$ 0</u>	<u>\$ 222,573</u>
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
A. Uninsured and uncollateralized	<u>\$ 133,906</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 133,906</u>
B. Uninsured and collateralized with securities held by pledging institution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
C. Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Bank Balances Exposed to Custodial Credit Risk	<u>\$ 133,906</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 133,906</u>
Total Bank Balances - All Deposits	<u>\$ 204,947</u>	<u>\$ 19,951</u>	<u>\$ 0</u>	<u>\$ 224,898</u>

The bank balances at June 30, 2006 consisted of \$153,227 of cash and \$39,507 of certificates of deposit and savings accounts.

Investments

The Port had no investments during the year.

2. Restricted Assets

The balances of the Port's restricted asset accounts were \$3,522 and \$9,183 at June 30, 2007 and 2006, respectively. These amounts were on deposit in the Certificates of Indebtedness Sinking Fund and are included in the categorization of deposits in Note C.1..

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2007 and 2006

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

3. Capital Assets

Property, Plant and Equipment

The following is a summary of changes in capital assets related to business-type activities during the fiscal year:

	Balance July 1, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
Business-type Activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 213,072	\$ 0	\$ 0	\$ 0	\$ 213,072
Construction in progress	0	0	0	0	0
Total capital assets, not being depreciated	213,072	0	0	0	213,072
Capital assets, being depreciated:					
Buildings	41,121	0	0	0	41,121
Vehicles and equipment	128,593	7,581	0	0	136,174
Infrastructure	268,886	0	0	0	268,886
Total capital assets, being depreciated	169,714	7,581	0	0	446,181
Less accumulated depreciation for:					
Buildings	(2,887)	(2,887)	0	0	(5,774)
Vehicles and equipment	(91,625)	(14,424)	0	0	(106,049)
Infrastructure	(13,444)	(13,445)	0	0	(26,889)
Total accumulated depreciation	(107,956)	(30,756)	0	0	(138,712)
Capital assets being depreciated, net					
Buildings	38,234	(2,887)	0	0	35,347
Vehicles and equipment	36,968	(6,843)	0	0	30,125
Infrastructure	255,442	(13,445)	0	0	241,997
Total capital assets being depreciated, net	330,644	(23,175)	0	0	307,469
Total governmental activities capital assets, net	\$ 543,716	\$ (23,175)	\$ 0	\$ 0	\$ 520,541

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2007 and 2006

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Lease to State

On December 1, 2003, the Port leased a portion of land to the Louisiana Department of Wildlife and Fisheries for a period of 50 years. The Port retains title to the land at lease-end and all leasehold improvements erected by the State will be removed at the term of the lease or will revert to the Port. The Port received an up-front rental fee of \$150,000 for the lease. This revenue will be deferred and recognized over the life of the lease on the straight-line method. Thus, rental revenue of \$3,000 is shown along with a deferred revenue of \$139,250

4. Long-Term Debt

Certificates of Indebtedness

The Port issued \$150,000 of Certificates of Indebtedness, Series 2000 on January 22, 1999 to provide funds for purchasing a site for the new port (the money was in fact used to pay off the interim loan noted above). These Certificates are secured by, and payable solely from, a pledge of the excess annual revenues of the Grand Isle Port Commission, above statutory, necessary and usual charges in each of the fiscal years through June 30, 2007. The Certificates bear interest rates of 5.30 percent. For the fiscal year ended June 30, 2007, the Port made the final payment of \$25,000 in principal and \$865 in interest on these Certificates. Certificates outstanding at June 30, 2007 and 2006 totaled \$-0- and \$25,000, respectively.

5. Ad Valorem Tax

Louisiana Revised Statutes (LRS 34:254(A)) provides the Port with the authority to levy annually, an ad valorem tax not to exceed ten (10) mills. On November 5, 1996, the Port received approval by a vote of the citizens to levy a ten year 5 mill tax for acquiring, constructing, improving, maintaining or operating structures, facilities, and services (including economic development).

The Port levies an ad valorem (property) tax on real property within the Port to finance operations. The levy is generally made as of November 15 of each year. The tax is then due, and becomes an enforceable lien on the property, on the first day of the month following the filing of the tax roll by the Parish assessor with the Louisiana Tax Commission (usually December 1). The tax is delinquent 30 days after its due date.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2007 and 2006

NOTE C - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

Ad valorem taxes are levied based on property values determined by the Jefferson Parish Assessor's Office (a separate entity). All land and residential improvements are assessed at 10 percent of its fair market value, and other property at 15 percent of its fair market value. Taxes are billed and collected by the Jefferson Parish Sheriff's Office (a separate entity) which receives a certain millage for its services. The taxes remitted by the Sheriff to the Port are net of assessor's commission and pension fund contributions.

The number of mills levied for operations on the 2006 and 2005 tax rolls were 5.00 and 5.00, respectively. The amount of revenues generated by the taxes in fiscal years ended June 30, 2007 and 2006 was \$140,707 and \$119,870, respectively.

NOTE D - COMMITMENTS AND CONTINGENCIES

1. Risk Management

The Port is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To protect against these risks of loss, the Port purchases various types of insurance from commercial carriers.

Under these policies, general liability coverage is provided for up to a maximum of \$500,000 per occurrence, with a \$10,000 deductible. Insurance claims for hurricane damage were filed in 2007. There were no claims against this policy for 2007.

2. Litigation

There is no litigation pending against the Port at June 30, 2007.

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2007 and 2006

NOTE D - COMMITMENTS AND CONTINGENCIES (CONTINUED)

3.. Federal Assistance - Hurricanes Katrina and Rita

On August 29, 2005, Hurricane Katrina struck the New Orleans Metropolitan area, which includes Jefferson Parish and the Town of Grand Isle (i.e., the area serviced by the Port). While the Town was spared from a direct hit, the Isle was overrun by the storm surge from the Hurricane. Approximately 30 percent of the businesses and residences on the back side of the Isle (including the Caminada area) were destroyed or badly damaged. Most of the Port's major assets survived the Hurricane, however, some of the infrastructure assets were damaged. On September 24, 2006, Hurricane Rita hit the western side of the State of Louisiana, however, the tidal surge brought in by the storm again affected the Town of Grand Isle and the southern part of Jefferson Parish.

After the hurricanes, the Port incurred expenses for emergency repairs, debris removal, etc., most of which will be reimbursed by the Federal Emergency Management Agency (FEMA). Claims totaling \$16,123 have been filed FEMA and payment has been received. Audits of prior years have not resulted in any disallowance of costs; however, the grantor agency may provide for further examinations. Based on past experience, the Port believes that future examinations would not result in any material disallowed costs.

The Port continues to incur costs associated with recovering from the two hurricanes. Some of this may or may not be eligible for reimbursement.

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SUPPLEMENTAL INFORMATION

GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Years Ended June 30, 2007 and 2006

Board Member	June 30, 2007 Amount Paid	June 30, 2006 Amount Paid
Andy Galliano, President	\$ 0	\$ 0
Irvin Richoux, Vice-President	0	0
Arthur Bellanger	0	0
Dudley "Butch" Gaspard	0	0
Total	\$ 0	\$ 0

The Commissioners do not receive any per diem for serving on the Port Commission.

**GRAND ISLE PORT COMMISSION
STATE OF LOUISIANA
SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2007**

Description of Funding	Amount
	\$ 0
	<u>\$ 0</u>

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COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Grand Isle Port Commission
Grand Isle, Louisiana

I have audited the basic financial statements of the Grand Isle Port Commission (the "Port"), as of and for the year ended June 30, 2007, and have issued my report thereon dated December 16, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Port's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Port's internal control over financial reporting.

My consideration of internal control over financial reporting was for the purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiency (No. 07-01) described in the accompanying schedule of findings and responses to be significant deficiencies in internal control financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I do not believe that the significant deficiency described above is a material weakness.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Port's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The Port's response to the findings identified in my audit are described in the accompanying schedule of findings and responses. I did not audit the Port's responses and, accordingly, I express no opinion on them.

This report is intended for the information of the Port's management, the Louisiana Legislative Auditor, all applicable Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, the report is distributed by the Legislative Auditor as a public document.

Paul C. Rivier, CPA

December 16, 2007

GRAND ISLE PORT COMMISSION
State of Louisiana

SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2007

I have audited the financial statements of the Grand Isle Port Commission (the "Port") as of and for the year ended June 30, 2007, and have issued my report thereon dated December 16, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2007 resulted in an unqualified opinion.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

- A. The auditor's report expresses an unqualified opinion on the financial statements of the Port.
- B. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Significant Deficiencies were noted (see below).

No Material Weaknesses were noted.

Compliance:

No instances of noncompliance material to the financial statements were noted.

- C. Federal Awards - not applicable
- D. Identification of Major Programs - not applicable

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency- Comment # 07-01

Condition - I noted that the size of the Port's operations is too small to provide for an adequate segregation of duties. The Port's secretary is charged with most of the responsibilities relating to the cash receipts, cash disbursement, and financial reporting cycles. The Port does, however, have various controls in place which tend to mitigate this problem, including (1) having a Commissioner review and initial all bank reconciliations, (2) requiring dual signatures on all checks, and (3) requiring the presentation of actual versus budget reports on a monthly basis, and (4) the use and reconciliation of pre-numbered receipts.

GRAND ISLE PORT COMMISSION

State of Louisiana

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

For the Fiscal Year Ended June 30, 2007

Recommendation - Employing additional controls may not be cost beneficial, however, the Board should remain cognizant of the lack of segregation of duties.

Response - We are aware of the condition, however, at this point we are not in the financial position of addressing the problem. The Board is aware of the condition and will continue to monitor the financial activity of the Portt in a timely manner.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not Applicable

SECTION IV - STATUS OF PRIOR YEAR FINDINGS

The status of findings and questioned costs noted in prior years is noted below:

FINANCIAL STATEMENT FINDINGS

Prior Year Comment No.	Description	Status
# 06-01	Inadequate segregation of duties.	See CY Comment # 07-01

FEDERAL AWARDS - FINDINGS AND QUESTIONED COSTS

Not applicable